

# MICHIGAN ECONOMIC INDICATORS

A monthly newsletter on key economic indicators prepared by the Senate Fiscal Agency.

## ECONOMIC HIGHLIGHTS



### United States

- **Motor vehicle sales** rose 3.8% from October to November but November sales were still 9.2% below the year-ago level. Sales of imported vehicles increased the most, with sales of imported autos rising 16.2% and imported light truck sales growing 9.9% in November.
- The final estimate for **inflation-adjusted Gross Domestic Product** showed growth of 4.0% in the third quarter of 2002, compared with 1.3% growth during the second quarter. The increase in growth during the third quarter reflected increased personal consumption expenditures and government spending as well as an improvement in net exports, particularly due to slower growth in imports. Business inventories also rose, but at a slower rate than in the second quarter.
- The **unemployment rate** increased from 5.7% in October to 6.0% in November and was above the 5.6% rate in November 2001. Compared with October, both the number of people in the labor force and the number employed fell in November, and the unemployment rate rose because employment fell more rapidly than did the size of the labor force. Compared with one year ago, there were 28,000 fewer jobs and 482,000 more unemployed people.
- Short-term interest rates, as reflected in the rate on 3-month Treasury bills, fell to 1.26% in November as the Federal Reserve Board lowered interest rate targets in response to concerns that the economy was weakening. The 3-month Treasury bill rate is at its lowest level since mid-1958.



### Michigan

- **Michigan wage and salary employment** rose by 5,000 jobs from October to November but was 22,000 jobs below the level in November 2001. Job growth in November increased the most in the services sector, by 6,000 jobs, while retail trade employment fell the most, declining 2,000 jobs. Compared with one year ago, the only sectors showing higher employment were motor vehicle and equipment manufacturing, services, government, and FIRE (finance, insurance and real estate).
- The **Michigan unemployment rate** remained 5.7% in November and was below the November 2001 rate of 6.1% despite a 7,000-job fall in employment. The unemployment rate fell because 7,000 people also left the labor force from October to November. Compared with one year ago, Michigan employment in November was down 37,000 jobs and 65,000 fewer people were in the labor force.
- While employment was below year-ago levels in November, **Michigan average weekly earnings** were higher in almost all sectors. Only mining, construction, nondurable goods manufacturing, food stores, and depository institutions showed declines. The largest decline was 2.0%. Among sectors exhibiting growth, earnings were between 1.9% to 12.8% higher than one year ago. The motor vehicle and equipment manufacturing, durable goods manufacturing, and health services sectors exhibited the strongest growth. In most sectors, higher weekly earnings appeared to reflect an increase in the average weekly hours worked.

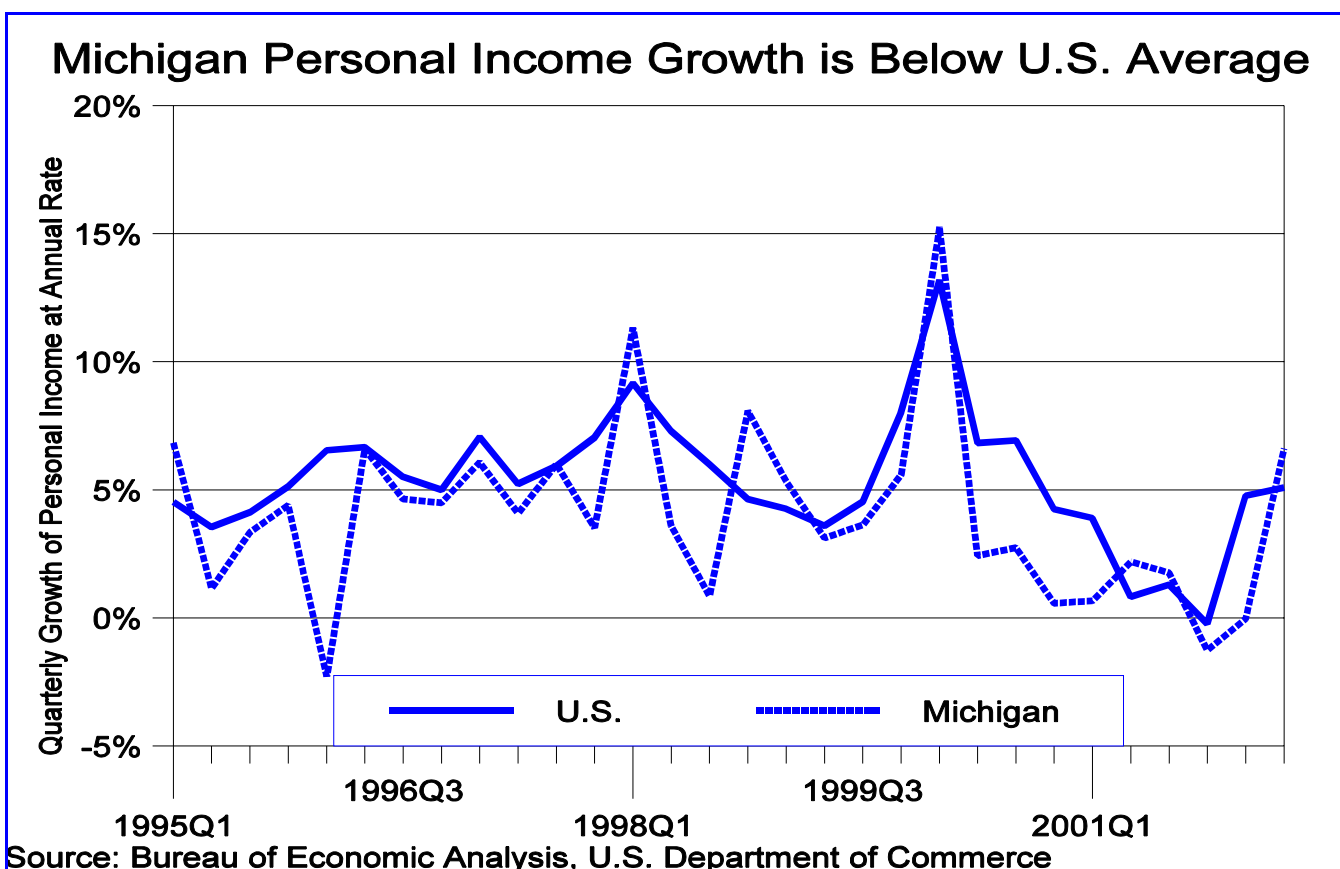


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U.S. & MICHIGAN LABOR MARKET NEWS (Seasonally Adjusted, Thousands)							
U.S.	Nov. 2002	Oct. 2002	Nov. 2001	<u>Change From Oct.</u>		<u>Change From Year Ago</u>	
				Number	Percent	Number	Percent
Labor Force	142,733	143,123	142,279	(390)	(0.3)%	454	0.3%
Employment	134,225	134,914	134,253	(689)	(0.5)	(28)	(0.0)
Unemployment	8,508	8,209	8,026	299	3.6	482	6.0
Unemployment Rate	6.0%	5.7%	5.6%	---	---	---	---
<b>Michigan</b>	<b>Nov. 2002</b>	<b>Oct. 2002</b>	<b>Nov. 2001</b>	<b><u>Change From Oct.</u></b>		<b><u>Change From Year Ago</u></b>	
				Number	Percent	Number	Percent
Labor Force	5,121	5,128	5,186	(7)	(0.1)%	(65)	(1.2)%
Employment	4,831	4,838	4,868	(7)	(0.1)	(37)	(0.8)
Unemployment	290	290	317	0	0.0	(27)	(8.6)
Unemployment Rate	5.7%	5.7%	6.1%	---	---	---	---

Source: Bureau of Labor Statistics, U.S. Department of Labor



<b>MICHIGAN WAGE AND SALARY EMPLOYMENT</b> (Seasonally Adjusted, Thousands)							
	<b>Nov. 2002*</b>	<b>Oct. 2002</b>	<b>Nov. 2001</b>	<b>Change from Oct.</b>		<b>Change from Yr Ago</b>	
				<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
<b>Wage and Salary Employment</b>	4,540	4,535	4,562	5	0%	(22)	(0)%
<b>Goods-Producing Industries</b>	1,113	1,112	1,120	1	0	(7)	(1)
Mining	8	8	8	(0)	(1)	(1)	(6)
Construction	199	198	202	1	1	(3)	(1)
Manufacturing	907	906	911	1	0	(4)	(0)
Durable Goods	687	685	691	2	0	(4)	(1)
Motor Vehicles & Equipment	270	269	258	1	0	11	4
Nondurable Goods	220	221	220	(1)	(0)	0	0
<b>Service-Producing Industries</b>	3,427	3,423	3,441	3	0	(15)	(0)
Trans., Comm. & Utilities	177	178	180	(1)	(1)	(3)	(2)
Wholesale Trade	218	217	220	1	0	(3)	(1)
Retail Trade	828	830	846	(2)	(0)	(18)	(2)
Finance, Insurance & Real Estate	213	213	210	1	0	3	2
Services	1,299	1,293	1,294	6	0	4	0
Government	692	692	690	0	0	2	0

**Source:** Michigan Department of Career Development - Employment Service Agency \* Preliminary

<b>MICHIGAN AVERAGE WEEKLY HOURS AND EARNINGS</b> (Not Adjusted For Seasonal Variations)						
<b>Industry</b>	<b>Average Weekly Hours</b>			<b>Average Weekly Earnings</b>		
	<b>Nov. 2002</b>	<b>Year Ago</b>	<b>Percent Change</b>	<b>Nov. 2002</b>	<b>Year Ago</b>	<b>Percent Change</b>
Mining	45.4	44.0	3.2%	\$762.27	\$766.48	(0.5)%
Construction	37.3	37.6	(0.8)	814.26	822.31	(1.0)
Manufacturing	42.1	41.1	2.4	882.84	825.29	7.0
Durable Goods	42.8	41.4	3.4	962.57	885.55	8.7
Motor Vehicles & Equipment	45.0	43.4	3.7	1,330.65	1,180.05	12.8
Nondurable Goods	39.5	39.9	(1.0)	612.65	621.24	(1.4)
Wholesale Trade	38.5	37.8	1.9	666.44	647.51	2.9
<b>Selected Retail Trade:</b>						
General Merchandise Stores	29.1	27.9	4.3	298.28	292.67	1.9
Department Stores	28.8	27.4	5.1	295.49	287.15	2.9
Food Stores	26.0	26.9	(3.3)	240.50	245.33	(2.0)
Auto Dealers & Service Stations	33.9	34.1	(0.6)	454.94	443.98	2.5
<b>Selected Services:</b>						
Depository Institutions	35.0	35.2	(0.6)	408.10	409.38	(0.3)
Business Services	33.9	32.5	4.3	541.38	531.05	1.9
Health Services	32.5	31.7	2.5	546.00	518.61	5.3
Engineering & Management	37.0	37.7	(1.9)	788.10	753.62	4.6

**Source:** U.S. Department of Labor, Bureau of Labor Statistics

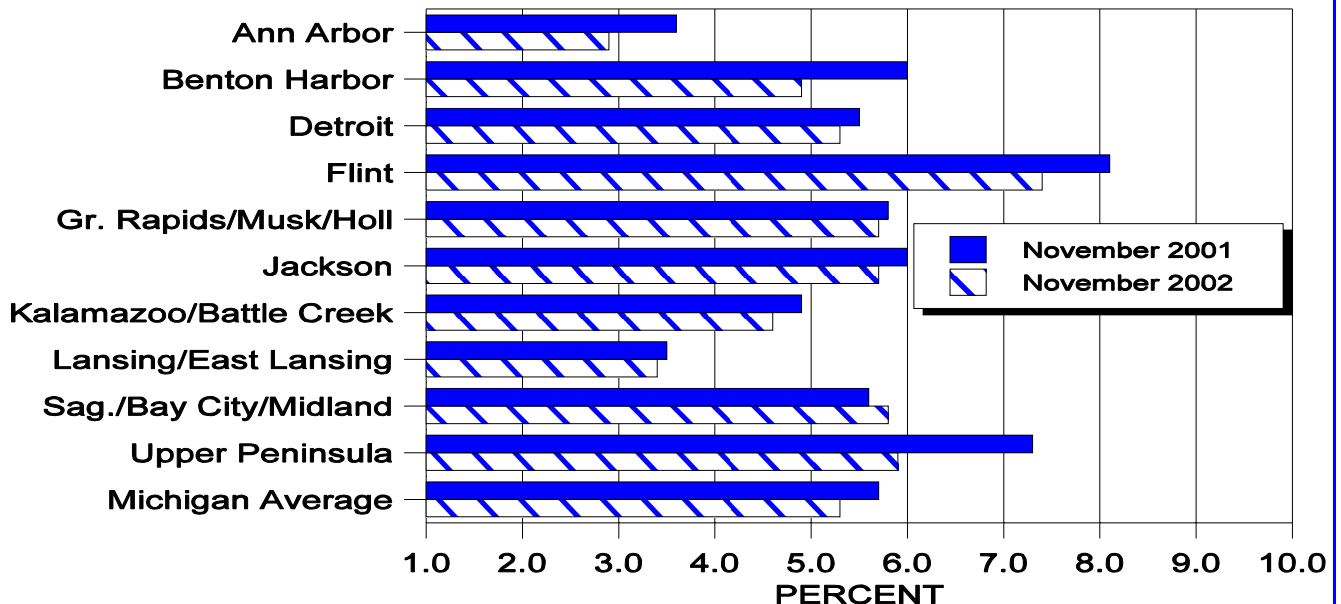
**MICHIGAN UNEMPLOYMENT RATES  
BY SELECTED METROPOLITAN AREAS AND MULTI-COUNTY AREAS  
(Not Adjusted for Seasonal Variations)**

	Nov. 2002*	Oct. 2002	Sept. 2002	Nov. 2001
<b>Metropolitan Statistical Areas</b>				
Ann Arbor	2.9%	2.9%	3.2%	3.6%
Benton Harbor	4.9	4.8	5.1	6.0
Detroit	5.3	5.3	5.6	5.5
Flint	7.4	7.3	7.7	8.1
Grand Rapids	5.7	5.5	5.8	5.8
Jackson	5.7	5.6	5.9	6.0
Kalamazoo-Battle Creek	4.6	4.4	4.6	4.9
Lansing-East Lansing	3.4	3.2	3.4	3.5
Saginaw-Bay City-Midland	5.8	5.3	5.6	5.6
<b>Multi-County Areas</b>				
Northeast Lower Michigan	8.0	5.9	6.0	9.7
Northwest Lower Michigan	6.1	4.8	5.0	7.0
Upper Peninsula	5.9	4.5	4.8	7.3
<b>Michigan Statewide Average</b>				
--Unadjusted (comparable to figures shown above)	5.3	5.1	5.4	5.7

Source: Michigan Department of Career Development - Employment Service Agency

\* Preliminary

**Michigan Regional Unemployment Rates  
November 2001 and November 2002**

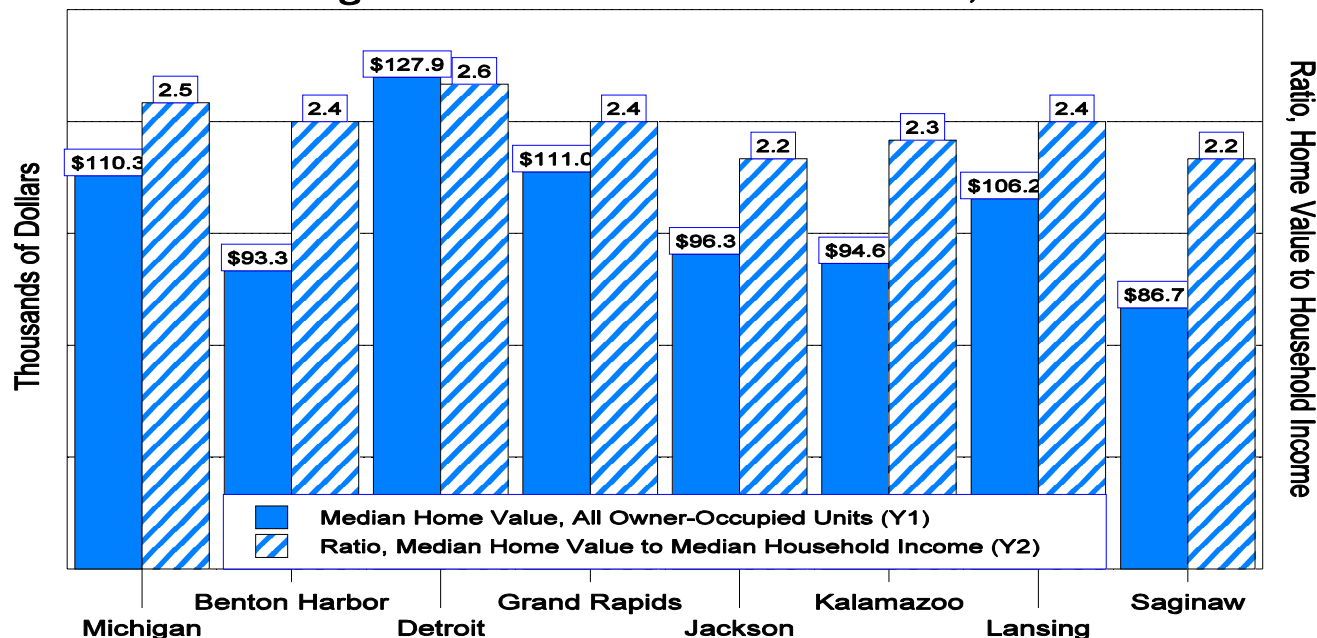


Source: Michigan Department of Career Development - Employment Service Agency

**MOTOR VEHICLE SALES AND PRODUCTION STATISTICS  
(Thousands of Units)**

							Percent Change From:	
	Nov. 2002	Oct. 2002	Sept. 2002	Aug. 2002	Year Ago Nov.	Nov./Oct.	Nov. 2002/ Nov. 2001	
<b>Motor Vehicle Sales<sup>1,2)</sup></b>								
Autos	7,891	7,300	7,911	8,725	8,448	8.1%	(6.6)%	
Domestics	5,587	5,328	5,528	6,552	6,196	4.9	(9.8)	
Imports	2,304	1,972	2,383	2,173	2,252	16.8	2.3	
Import Share	29.2%	27.0%	30.1%	24.9%	26.7%	---	---	
Light Trucks	8,047	8,043	8,317	9,858	9,167	0.0	(12.2)	
Domestics	6,973	7,066	7,291	8,813	8,138	(1.3)	(14.3)	
Imports	1,074	977	1,026	1,045	1,029	9.9	4.4	
Import Share	13.3%	12.1%	12.3%	10.6%	11.2%	---	---	
Heavy Trucks	421	423	441	440	409	(0.5)	2.9	
Total	16,359	15,766	16,669	19,023	18,024	3.8	(9.2)	
<b>U.S. Motor Vehicle Production<sup>1,2)</sup></b>								
Autos	4,600	4,607	4,932	5,290	4,817	(0.2)	(4.5)	
<b>Michigan Motor Vehicle Production<sup>2,3)</sup></b>								
Autos	1,520	1,763	1,581	1,704	1,638	(13.8)	(7.2)	
Trucks	1,134	1,237	1,291	1,187	1,041	(8.3)	9.0	
Total	2,655	3,000	2,872	2,892	2,678	(11.5)	(0.9)	
Michigan Production as % of U.S.	22.7%	23.6%	23.2%	23.5%	22.7%	---	---	
<b>U.S. Motor Vehicle Inventories<sup>4)</sup></b>								
Total Car	1,694	1,569	1,493	1,411	1,364.5	8.0	24.2	
Days Supply	75	68	56	47	41	10.3	82.9	
Total Truck	1,977	1,828	1,663	1,559	1,646.5	8.1	20.1	
Days Supply	83	72	51	51	49	15.3	69.4	

**Sources:** 1) U.S. Department of Commerce, Bureau of Economic Analysis. 2) SAAR = Seasonally Adjusted at Annual Rates. 3) Michigan Department of Treasury, Office of Revenue and Tax Analysis and the Senate Fiscal Agency. 4) Automotive News, Crain Communications, Inc. (ending inventory)

**Median Michigan Home Values and Income, 2000 Census**


**Source:** Bureau of the Census, U.S. Department of Commerce

### OTHER KEY ECONOMIC INDICATORS

Variable	Latest Period	Actual Data			Percent Change From:	
		Latest Period	Previous Period	Year Ago	Previous Period*	Year Ago
<b>Weekly Leading Index</b> , monthly <sup>1)</sup> (1992 = 100)	Nov.	118.3	116.8	116.6	1.3%	1.5%
<b>Coincident Index</b> <sup>1)</sup> (1992 = 100)	Nov.	137.0	137.1	134.6	(0.1)	1.8
<b>Housing Starts, U.S.</b> <sup>2)</sup> (thousands of units, SAAR)	Nov.	1,697	1,657	1,604	2.4	5.8
<b>Retail Sales, U.S.</b> <sup>2)</sup> (billions, seasonally adjusted)	Nov.	\$274.5	\$273.4	\$269.6	0.4	1.8
<b>Industrial Production Index</b> <sup>3)</sup> (1992 = 100) (seasonally adjusted)	Nov.	110.8	110.7	108.8	0.1	1.8
<b>Capacity Utilization</b> <sup>3)</sup> (% of total capacity, seasonally adjusted)	Nov.	75.6	75.5	75.1	0.0	0.7
<b>Consumer Price Index</b> <sup>4)</sup> (1982-84 = 100)						
U.S. (seasonally adjusted)	Nov.	181.5	181.3	177.5	1.3	2.3
Detroit (not seasonally adjusted)	Oct.	180.4	180.9	174.8	(1.6)	3.2
<b>Interest Rates</b>						
3-month Treasury Bill <sup>3)</sup>	Nov.	1.26%	1.60%	1.93%	---	---
Corporate Aaa Bonds <sup>3)</sup>	Nov.	6.31%	6.32%	6.97%	---	---
<b>Real Gross Domestic Product</b> <sup>5)</sup> (billions of 1996 \$, SAAR, chain-weighted)	2002 3rd Qtr.	\$9,485.0	\$9,392.4	\$9,186.4	4.0	3.3
<b>Michigan Tax Collections</b> <sup>6)</sup> (12 major taxes, millions)	Nov. 2002	\$1,528.3	\$1,942.2	\$1,609.5	NM	(5.0)

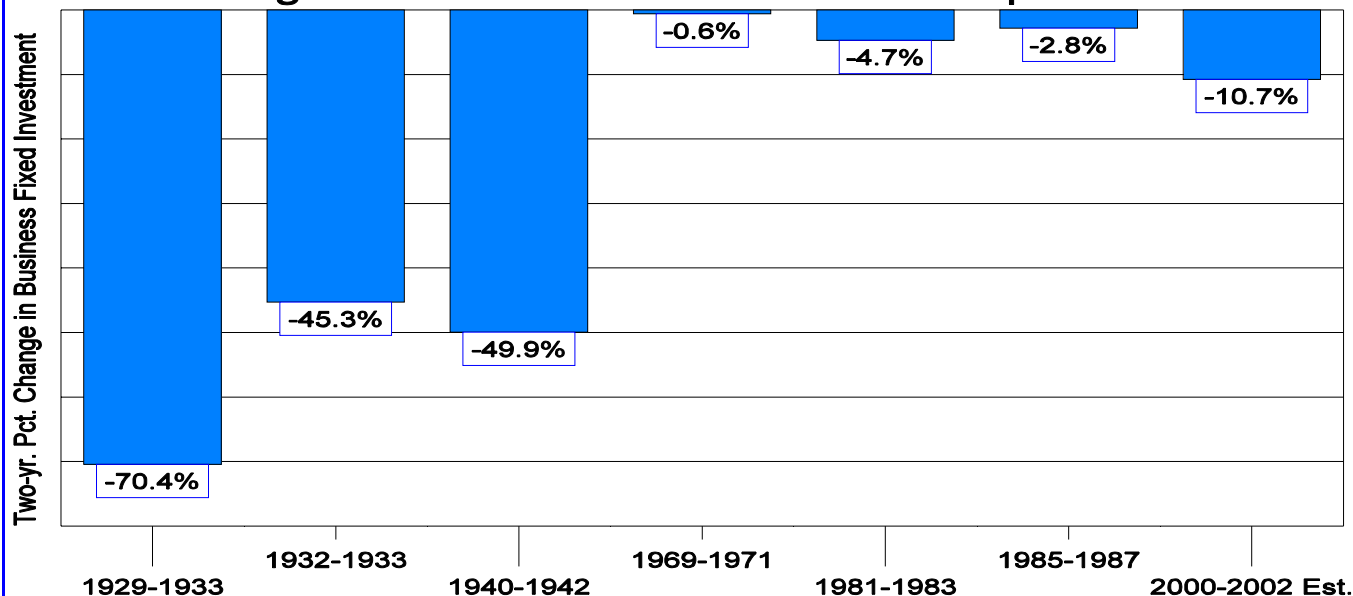
SAAR = Seasonally Adjusted at Annual Rates. NM = Not Meaningful.

Revenue data vary greatly from month-to-month due to timing and other noneconomic factors.

\*Note: Percent changes from previous period for CPI and GDP at annual rate.

**Sources:** 1) Economic Cycle Research Institute 2) U.S. Department of Commerce, Bureau of the Census 3) Board of Governors of the Federal Reserve System 4) U.S. Department of Labor, Bureau of Labor Statistics 5) U.S. Department of Commerce, Bureau of Economic Analysis 6) Michigan Department of Treasury and the Senate Fiscal Agency.

### 2002 Marks Worst Two-Year Drop in Business Investment During Peace-Time Since the Great Depression



Source: Bureau of Economic Analysis, U.S. Department of Commerce